

TOPICS FOR DISCUSSION

NSC review completed

Security Assistance -- Immediate Priority

1. Current Budget - We recommend launching a top priority Administration drive to win Congressional approval for our FY 1983 security assistance program and other current assistance-related legislation.

-- Congress has before it four major security assistance items: an enhanced FY 1983 appropriations request; an FY 1983 authorization bill which seeks selected improvements; an FY 1982 appropriations supplemental; and a request to permit expenditures from the Special Defense Acquisition Fund.

-- Because this is an election year, and because a two-year security assistance bill was passed last year, Congress is not likely to pass these measures without a major Administration effort integral to our overall budget efforts.

-- The \$1.2 billion increase in resources proposed for FY 1983 is vital in order to meet our top priority strategic interests and to establish a firm foundation for our programs for the next several years. If we fail to win Congressional support for the programs, our security interests will suffer and the credibility of this Administration's security assistance program will be badly damaged.

Proposed Strategy

We need to involve the President directly in the Administration's effort to get Hill passage of all four security assistance items. Such involvement might include the following elements: adding security assistance as an agenda item at the next leadership breakfast; establishing a legislative interdepartmental group to begin a concerted effort with Congressional committees; sending Presidential letters to key legislators and including security assistance in relevant Presidential pronouncements and budget discussions with Congress.

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Security Assistance - Longer Term Priority

2. Resources - We recommend planning for steady real growth in the security assistance program over the next five years.

-- Resources substantially above those presently available will be necessary over the next five years if we are to meet our foreign policy and defense objectives.

-- Security assistance levels must not only be adequate but must also include significant proportions of grant aid and concessional credits.

-- Obtaining adequate resources will require a determined effort by the Administration to convince Congress and the public that security assistance directly supports US national interests.

3. Multi-year Commitments - We recommend making more extensive use of various forms of multi-year commitments (formal Executive Branch commitment, best-effort, cash flow).

-- We have made multi-year commitments for several years as part of formal base agreements, as "best effort" pledges to seek appropriations from Congress and through the use of "cash flow" arrangements.

-- Multi-year commitments assist both the US and recipient countries to engage in long-range budget, procurement and force planning.

-- Congress will probably continue to oppose multi-year Executive Branch commitments, and may decline to appropriate the necessary annual funds.

-- Multi-year commitments are not a legislative issue but rather a determination by the Administration to continue to exercise and defend its rights to make such commitments.

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4. Procurement - We recommend extending our anticipation of, and planning for, Foreign Military Sales through more combined planning with countries, more market surveys, selected sales promotions (e.g., FX), and heavy dependence on the Special Defense Acquisition Fund.

-- We are not now able to project FMS requirements adequately into procurement planning because of budgetary uncertainties and legal restrictions.

-- We can nonetheless predict many foreign requests.

-- When SDAF is fully authorized, it will permit advance ordering of equipment for eventual foreign purchase. SDAF capitalization above the legal limit of \$600 million will almost certainly be necessary.

-- We also need to develop export versions of weapons incorporating sensitive technology to reduce risk of compromise.

-- The US procurement process and foreign government planning can be improved by greater use of combined planning.

5. Legislation - We recommend undertaking an effort to rewrite or substantially revise the Arms Export Control Act (AECA) and the Foreign Assistance Act (FAA).

-- We could live reasonably well with the existing legislation if resources were always adequate. Since this is unlikely we must have more flexibility in managing the program and reacting to unforeseen events.

-- Rewriting the entire AECA and FAA could be dangerous.

-- Major revisions of the more restrictive sections would be worthwhile.

-- Such an effort would also demonstrate to the Congress the importance we attach to security assistance.

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